

HAMPCO, INC.**Financial Report
For the Year Ended June 30, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2.4.04

HAMPCO, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003

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LITTLE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hampco, Inc.
Monroe, Louisiana

We have audited the accompanying statement of financial position of Hampco, Inc. (the "Organization") as of June 30, 2003, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hampco, Inc. as of June 30, 2003, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2003, on our consideration of Hampco, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Board of Directors
Hampco, Inc.
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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hampco, Inc. taken as a whole. The accompanying supplementary information included on pages 15-18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Little & Associates

Monroe, Louisiana
December 16, 2003

HAMPCO, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2003

Assets

Cash	\$	70,264
Accounts Receivable - Urban Affairs		10,000
Accounts Receivable - Department of Education		40,561
Equipment		18,651
Accumulated Depreciation - Equipment		<u>(4,663)</u>

Total Assets \$ 134,813

Liabilities

Accounts Payable	\$	9,058
Accrued Payroll		<u>53,740</u>

Total Liabilities 62,798

Net Assets

Unrestricted		668
Temporarily Restricted		<u>71,347</u>

Total Net Assets 72,015

Total Liabilities and Net Assets \$ 134,813

The accompanying notes are an integral part of these financial statements.

HAMPCO, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contracts:			
Cooperative Endeavor Agreement - Louisiana Governor's Office of Urban Affairs and Development	\$ -	\$ 245,000	\$ 245,000
Cooperative Endeavor Agreement - State of Louisiana Department of Social Services	-	10,008	10,008
Louisiana Department of Education		228,931	228,931
Donated Use of Equipment	-	140	140
Other Income		1,184	1,184
Net Assets Released from Restrictions	<u>526,523</u>	<u>(526,523)</u>	<u>-</u>
Total Support and Revenue	<u>526,523</u>	<u>(41,260)</u>	<u>485,263</u>
Expenses			
Programs:			
Hamper Programs:			
Com-Put-R	2,124	-	2,124
Kick-A-Goal	5,366		
Project Care	8,262		
Project Drive	30,677	-	30,677
TANF	258,623		258,623
TAPS	17,703	-	17,703
Total Hamper Programs	<u>322,755</u>	<u>-</u>	<u>309,127</u>
Grant Programs	<u>100,701</u>	<u>-</u>	<u>100,701</u>
Total Grant Programs	<u>100,701</u>	<u>-</u>	<u>100,701</u>
Total Programs	<u>423,456</u>	<u>-</u>	<u>409,828</u>
Supporting Services:			
Management and General	<u>103,372</u>	<u>-</u>	<u>103,372</u>
Total Expenses	<u>526,828</u>	<u>-</u>	<u>513,200</u>
Change in Net Assets	(305)	(41,260)	(41,565)
Net Assets at Beginning of Year	<u>973</u>	<u>112,607</u>	<u>113,580</u>
Net Assets at End of Year	\$ <u>668</u>	\$ <u>71,347</u>	\$ <u>72,015</u>

The accompanying notes are an integral part of these financial statements.

HAMPCO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2003

Hampco Programs

	<u>Com-Put-R</u>	<u>Kick-A-Goal</u>	<u>Project Care B</u>	<u>Project Drive</u>	<u>TANF</u>	<u>TAPS</u>
Bank Charges	\$ -	\$ 126	\$ -	\$ 104	\$ 165	\$ 53
Banquets & Refreshments	-	931	-	2,202	13,723	4,591
Contract Services	1,600	4,200	2,969	22,892	206,535	6,276
Delivery Expense	-	-	5,293	-	-	-
Depreciation	-	-	-	-	4,663	-
Insurance	-	-	-	-	-	-
Office Supplies and Expense	-	-	-	-	-	-
Other	-	-	-	200	-	2,500
Professional Fees	-	-	-	-	3,500	-
Rent	-	-	-	600	-	-
Salaries	-	-	-	-	-	-
Supplies	524	109	-	3,945	18,468	4,238
Taxes - Payroll	-	-	-	-	-	-
Telephone Expense	-	-	-	-	-	-
Transportation	-	-	-	734	-	-
Travel Expense	-	-	-	-	11,569	45
	<u>\$ 2,124</u>	<u>\$ 5,366</u>	<u>\$ 8,262</u>	<u>\$ 30,677</u>	<u>\$ 258,623</u>	<u>\$ 17,703</u>

The accompanying notes are an integral part of these financial statements.

<u>Supporting Services</u>		
<u>Management and General</u>		<u>Total</u>
\$ 139	\$	587
1,390		22,837
36,516		280,988
-		5,293
-		4,663
330		330
10,715		10,715
325		3,025
2,319		5,819
2,400		3,000
34,349		34,349
6,216		33,500
2,075		2,075
1,598		1,598
-		734
5,000		16,614
<u>\$ 103,372</u>	<u>\$</u>	<u>426,127</u>

HAMPCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003

Operating Activities	
Change in Net Assets	\$ (41,565)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,663
(Increase) Decrease in Accounts Receivable	39,532
Increase (Decrease) in Accounts Payable	(4,827)
Increase (Decrease) in Accrued Payroll	(72)
Increase (Decrease) in Payroll Taxes Payable	18,823
Net Cash Provided By (Used In) Operating Activities	<u>16,554</u>
Investing Activities	
Purchase of Equipment	(18,651)
Withdrawal from Certificate of Deposit	973
Net Cash Provided by (Used In) Investing Activities	<u>(17,678)</u>
Financing Activities	
	<u>-</u>
Net Increase in Cash and Cash Equivalents	(1,124)
Cash and Cash Equivalents at Beginning of Year	<u>71,388</u>
Cash and Cash Equivalents at End of Year	<u>\$ 70,264</u>

Disclosure of Accounting Policy

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of these financial statements.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Hampco, Inc. (the "Organization") was established to provide funding for and to oversee the administration of programs which are designed to reduce healthcare inadequacies, enhance basic life skills, provide nutritional resources and training to those in need, enable the educationally challenged, up-grade low level labor skills, reduce unemployment, and empower disadvantaged charities, individuals, communities, and the homeless. The Organization, which was founded in 1997, operates primarily within the boundaries of Ouachita Parish District - 17.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

FINANCIAL STATEMENT PRESENTATION

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These three classes of net assets are described as follows:

Unrestricted Net Assets - consists of public support and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and which are satisfied either by the passage of time or by actions of the organization.

Permanently Restricted Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the organization to expend all or part of the income derived from the donated assets.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUPPORT AND REVENUE RESTRICTIONS

The Organization reports support and revenue that is restricted by the donor as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

ADVERTISING

Advertising costs are expensed as such costs are incurred.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 – REVENUE AND SUPPORT

The Organization's primary source of support and revenue for the programs and the administration of the Organization are through cooperative endeavor agreements with the Louisiana Governor's Office of Urban Affairs and Development (Urban Affairs and Development). During the year ended June 30, 2003, the Organization primarily operated under the following cooperative endeavor agreement with Urban Affairs and Development:

- Contract Period: July 1, 2002 – June 30, 2003 :

Agreement Amount	\$245,000
Amount Received as of June 30, 2003	\$235,000
Amount Obligated but not Expended as of June 30, 2003	\$ 13,163

During the year ended June 30, 2003, the Organization completed the programs under its cooperative endeavor agreement for the year ended June 30, 2002.

The funds received under the cooperative endeavor agreement with Urban Affairs and Development are recorded as temporarily restricted net assets since such funds are restricted as to their use. The funds are reclassified to unrestricted net assets as the funds are expended in accordance with the Organization's budget (including subsequent budget modifications) as submitted to and approved by Urban Affairs and Development.

Also, during the year ended June 30, 2002, the Organization entered into a cooperative endeavor agreement with the State of Louisiana, Department of Social Services (DSS) for the operation of DSS's Teenage Pregnancy Prevention Program. The Organization refers to this program as Teenagers Asserting Positive Steps (TAPS).

- Contract Period: July 1, 2001 – June 30, 2002:

Agreement Amount	\$ 93,750
Amount Received as of June 30, 2003	\$ 87,818
Amount Expended, but not received as of June 30, 2003	\$ 0

The funds under the cooperative endeavor agreement with the Department of Social Services are requested on a cost reimbursement basis. Monthly invoices using Teen Pregnancy Prevention Program billing forms are submitted to the State of Louisiana Department of Social Services periodically as expenses are incurred in accordance with the Organization's budget (including subsequent budget modifications). The maximum contract amount was \$93,750. In the year ending June 30, 2003, Hampco was reimbursed for expenditures under this contract totaling 29,865. As of June 30, 2003, this program contract had not been renewed.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 – REVENUE AND SUPPORT (CONTINUED)

Also, during the year ended June 30, 2003, the Organization entered into a cooperative endeavor agreement with the State of Louisiana, Department of Education (DOE) for the operation of DOE's TANF After School Program. The Organization refers to this program as TANF.

- Contract Period: September 1, 2002 – September 30, 2003:

Agreement Amount	\$225,000
Amount Received as of June 30, 2003	\$188,370
Amount Expended, but not received as of June 30, 2003	\$ 40,561

The funds under the cooperative endeavor agreement with the Department of Education are requested on a monthly basis. Monthly reports of contact hours are submitted to the State of Louisiana Department of Education periodically as programs are performed in accordance with the Organization's budget (including subsequent budget modifications). The maximum contract amount is \$225,000 budgeted for September 1, 2002 to September 1, 2003 .

NOTE 3 – PROGRAM EXPENDITURES

The Organization oversees the operation of several programs designed to enhance the quality of life in Ouachita Parish District – 17. Also, the Organization is a grantor of funds to organizations that provide services and programs consistent with the objectives of the Organization.

The programs operated by the Organization are described as follows:

COM-PUT-R – The program is designed to make computer resources available to students of all ages and to train students in the use of computers.

Project Care – Two programs which provide food for individuals who are homeless, neglected, or destitute, and for the elderly.

Project Drive – Programs placed under project drive are designed to improve the quality of life of all age groups through programs which provide the following: public and social etiquette training, daily academics tutoring, leadership training, academic scholarships, awareness of public services, and technical skills training.

Kick-A-Goal – A youth soccer program designed to foster teamwork, self-esteem, personal responsibility, and personal development in a competitive environment.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 3 – PROGRAM EXPENDITURES (CONTINUED)

TAPS – A youth program designed to teach abstinence, preventive healthcare, dealing with negative peer pressure, cultural diversity, and employability skills.

TANF – A youth program designed to facilitate structural study sessions for students to assist youth with areas of academic weakness and to help them improve study skills. Qualified instructors provide instruction in the subjects of English, Mathematics, and Science, as well as, on test-taking skills.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2003, temporarily restricted net assets are available for the administration and the operation of the Organization's programs, as well as, for program grants to other organizations.

NOTE 5 – DONATED USE OF EQUIPMENT

In accordance with the terms of the cooperative endeavor agreements, equipment purchased with funds from such agreements becomes the property of the State of Louisiana upon completion of the agreements. Under the prior cooperative endeavor agreements, the Organization has purchased computers and related equipment, sewing machines, quilting machines, kilns, and educational equipment for use in various programs, as well as office equipment. The Organization continues to use such equipment at no cost. Management of the Organization has determined that the value for the use of the equipment for the year ended June 30, 2003, was \$140.

NOTE 6 – LEASES

In 1998, the Organization entered into a month-to-month lease agreement with Hunter, Blue, & Johnson, Attorneys-at-Law. In accordance with the terms of the lease agreement, the law firm leases office space, including utilities, other office facilities, and office equipment to the Organization for \$200 per month. Louisiana State Representative Willie Hunter, Jr. (Ouachita Parish District - 17) is a co-owner of Hunter, Blue, & Johnson, Attorneys-At-Law. The total amount paid under this lease during the year ended June 30, 2003, was \$2,400.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

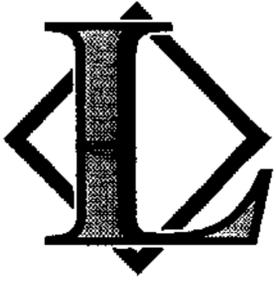
NOTE 7 – COMMITMENTS

The cooperative endeavor agreements with Urban Affairs and Development and the Department of Social Services require that the Organization expend the funds it receives under such agreements in accordance with budgets (including subsequent budget modifications) approved by these agencies. Failure to expend the funds in accordance with such budgets and budget modifications may result in the repayment of such amounts to Urban Affairs and Development or the Department of Social Services.

NOTE 8 – CONCENTRATIONS

The Organization receives its primary source of support and revenue through cooperative endeavor agreements with the Louisiana Governor's Office of Urban Affairs and Development. Such cooperative endeavor agreements are awarded on an annual basis. Subsequent to June 30, 2003, the Organization submitted an application to Urban Affairs and Development for funding for the year ending June 30, 2004. Urban Affairs and Development approved funding in the amount of \$207,000 for the year ending June 30, 2004.

OTHER INDEPENDENT AUDITORS' REPORT



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards

The Board of Directors
Hampco, Inc.
Monroe, Louisiana

We have audited the financial statements of Hampco, Inc. as of and for the year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Hampco, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hampco, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Hampco, Inc.'s ability to record, process, summarize, and report financial data consistent with the

assertions of management in financial statement. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 03-F1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described in item 03-F1 is not a material weakness.



Monroe, Louisiana
December 16, 2003

SUPPLEMENTARY INFORMATION

HAMPCO, INC.

SUPPLEMENTAL SCHEDULE OF GRANT PROGRAMS

JUNE 30, 2003

Grant Programs	
ABJ Ministries	\$ 7,000
Academic Bowl	5,018
Benoit Recreation Center	3,047
Caroll High School Band	3,000
Community Outreach of Ouachita	6,820
Del Teen	1,000
Dream Team Mentor	730
Emily P. Robinson Recreation Center	2,000
Johnson Recreation Center	2,000
Macedonia Baptist Church	8,000
Marble Recreation Center	1,916
Ouachita Valley Boys & Girls Club	4,000
Powell Recreation Center	2,000
Richwood High School	5,170
Scholarship	2,000
SCORE, Inc.	16,000
Sickle Cell	6,000
Tri-District Boys Club	5,000
Top Gun	10,000
Top Teens of Distinction	5,000
Twin City Athletic Association	4,000
Wossman High School Band	<u>1,000</u>
Total Grant Programs	\$ <u><u>100,701</u></u>

HAMPCO, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2003

We have audited the financial statements of Hampco, Inc. as of and for the year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003, resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

03-F1 – Reimbursement Requests not in Agreement with Supporting Documentation

Condition and Criteria: For the TANF program, we noted instances where the student sign in sheet used to document attendance in the program did not agree to the forms submitted for reimbursement.

Effect: Because the income for the TANF program is calculated based on contact hours, inadequately reconciling those documents could cause the request for reimbursement of contact hours to be incorrectly calculated and paid.

Cause: The student sign in sheets were not properly reconciled with the reimbursement request forms before they were submitted for reimbursement.

Auditor's Recommendation: Procedures should be established to ensure that submissions for reimbursement are accurate.

b. Federal Awards

Hampco, Inc. did not receive any Federal Awards nor did it expend any funds under a Federal

Awards Program. Thus, this section is not applicable.

Section II Financial Statement Findings

Hampco, Inc. did not have any financial statement findings for year ended June 30, 2003.

Section III Federal Award Findings and Questioned Costs

Hampco, Inc. did not receive any Federal Awards nor did it expend any funds under a Federal Awards Program. Thus, this section is not applicable.

HAMPCO, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2003

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS

There were no prior year findings.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS

There were no prior year findings.

SECTION III - MANAGEMENT LETTER

There were no prior year findings.